FEBRUARY 1966

EMPLOYMENT SERVICE REVIEW

"A Comprehensive Manpower Services Center"

this issue

Employment Service Task Force Report

DEPOSITED BY THE
UNITED STATES OF AMERICA

ISHED MONTHLY BY THE U. S. DEPARTMENT OF LABOR MANPOWER ADMINISTRATION

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EMPLOYMENT SERVICE REVIEW

FEBRUARY 1966
Vol. 3 No. 1

"Need for More Drastic Change"

"It is in complete sincerity that I say to you that I suspect that the recommendation of this Task Force may well prove to be the most important development in this area since the enactment of the Wagner-Peyser Act. There has been an accumulation of change over the years. There has also been an accumulation of need for more drastic change. I see this report, particularly because of its unanimity, as holding forth real promise that that change, that larger change, will now be forthcoming."

W. WILLARD WIRTZ
December 29, 1965

U.S. DEPARTMENT OF LABOR
W. Willard Wirtz, Secretary

MANPOWER ADMINISTRATION
Stanley H. Ruttenberg, Administrator

BUREAU OF EMPLOYMENT SECURITY
U.S. EMPLOYMENT SERVICE

DEPOSITED BY THE
UNITED STATES OF AMERICA

Secretary of Labor W. Willard Wirtz.

A special 15-member Task Force was appointed in October 1965 by Secretary of Labor W. Willard Wirtz to review the operations of the Federal-State Employment Service. Under the chairmanship of Dr. George Shultz, Dean of the Graduate School of Business of the University of Chicago, membership on the Task Force included distinguished representatives from management, labor, and the public. In naming the members of the group, Secretary Wirtz stated, "The role of the Employment Service in many of our major manpower programs has expanded rapidly in the more than three decades since the passage of the Wagner-Peyser Act. The time has come to review the operations of the Employment Service and to consider what is needed to improve its operations as the front-line agency for translating manpower, education and training, and war-on-poverty policy into operational reality. With its present network of more than 2,000 local employment offices, operated as a Federal-State partnership, the Employment Service reaches into the heart of every city and into rural areas as well. The Employment Service is involved in the administration of all or part of more than 20 different laws."

The unanimous Report of the Task Force was submitted to the Secretary of Labor on December 29, 1965. In releasing the Report, Secretary Wirtz stated that its central emphasis is that "* * * if the Employment Service is to meet today's demands it must be a 'comprehensive manpower services agency' rather than the 'simple labor exchange' which was called for when it was established 33 years ago." It is within this concept of the expanded role of the Employment Service with its new requirements that the Task Force Report reviews the present working of the Service and makes recommendations for administrative improvements and legislative changes needed.

The Report is now under careful study to determine what administrative action is required to implement its recommendations. It will also be used as a basis for consideration of changes in the Wagner-Peyser Act.

U.S. DEPARTMENT OF LABOR
OFFICE OF THE MANPOWER ADMINISTRATOR
WASHINGTON, D.C. 20210

December 23, 1965

Honorable W. Willard Wirtz
Secretary of Labor
Washington 25, D. C.

Dear Mr. Secretary:

We hereby submit our report covering recommendations for legislative and administrative changes to improve the operations of the Employment Service. All members of the Task Force are in accord with these recommendations.

We are especially appreciative of the excellent cooperation we have received from many sources, both within the government and outside. This cooperation facilitated greatly the work of the Task Force.

Respectfully submitted,

John R. Coleman

Mahlon T. Puryear

Frederick C. Fischer

Howard J. Samuels

Cameron Hall

Percy H. Steele, Jr.

Vivian W. Henderson

Leonard Woodcock

John H. Lyons

George P. Shultz, Chairman

Charles M. Mason

Arnold R. Weber, Vice Chairman

Agnes Meyer

Daniel H. Kruger, Executive Secretary

Charles A. Myers

Statement by Secretary of Labor W. Willard Wirtz

A special Task Force composed of 15 distinguished citizens has prepared a comprehensive critical and constructive report on the operation of the Federal-State Employment Service.

The Report includes plain and blunt observations on what the Task Force finds to be shortcomings in the present working of the Service. These are accompanied by specific recommendations for administrative improvements, and for legislative changes in the Wagner-Peyser Act of 1933 (which established the Service).

A number of the points touched on by the Task Force have been considered controversial. Its findings and recommendations are, nevertheless, all unanimous. In view of the tripartite (management, labor, public) composition of this group and the prestige of its members, this will go a long way in advancing the purpose of improving the Employment Service.

The central emphasis of the Task Force Report is that if the Employment Service is to meet today's demands it must be a "comprehensive manpower services center" rather than the "simple labor exchange" which was called for when it was established 33 years ago. It recommends, in this connection, a clear and complete separation of the unemployment compensation and employment service functions, including separate financing.

Special attention is also directed to the need for strengthening Employment Service personnel by setting up special training programs, raising salaries to professional levels, and in other significant ways.

The Report points up clearly the increasing necessity of integrating the Employment Service with other private and public manpower agencies and programs.

The Task Force members have turned their attention to a number of vital operational needs:

- ★ For the development and dissemination of "labor market" information.
- ★ For the improvement of interarea recruitment procedures through the establishment of "multi-market centers" and the use of automatic data processing and computer technology.
- ★ For advancing true equality of opportunity.
- ★ For budgetary processes and controls.
- ★ For more effective emergency planning operations.
- ★ For a separate advisory and review committee.
- ★ For meaningful annual reports by the USES and the State agencies.

This Report will receive the most careful consideration. I have today transmitted copies to the State employment agencies, asking for their comments. I am asking Manpower Administrator Stanley Ruttenberg to advise me regarding the implementation of the Task Force recommendations which can be met by administrative action.

The Report, particularly in view of its unanimity, will be of inestimable value as a basis for the consideration of changes in the Wagner-Peyser Act.

In more general terms, this Report serves a much needed purpose of redirecting attention at the necessarily central "manpower" function of efficient matching of people and jobs.

Recent emphasis has been on meeting the problems of unemployment and poverty with special training, work experience, Job Corps, Neighborhood Youth Corps, vocational education, and similar programs. Important as these are, the thing that counts is getting a person into a permanent job.

With the economy as strong as it is, the most direct and effective attack on unemployment and poverty is to fill as many open jobs as possible just as fast as possible.

The changes recommended by the Task Force are directed to this end.

I want to thank each of the Task Force members for a signal contribution to the "good of the Service" and to the public interest.

In particular, I want to recognize the untiring efforts of the Task Force Chairman, Dr. George Shultz, Dean of the Graduate School of Business of the University of Chicago, and the Vice Chairman, Professor Arnold Weber, also of the University of Chicago.

Summary of Recommendations

I. The need for a new legisiative mandate to clarify the role and mission of the Employment Service within the framework of the Federal-State system and with the recognition of the existence of other labor market intermediaries, both public and private.

II. A separate, identifiable Employment Service.

A. Administrative separation from Unemployment Compensation.

1. A separate State Employment Service Director with own staff and line of authority who reports to an administrative head of an overall agency.

B. Physical separation of Employment Service facilities

1. Physical separation of all Employment Service offices from Unemployment Compensation with reasonable proximity maintained so as to minimize the inconvenience to Unemployment Compensation claimants and jobseekers.

III. Source of service and relations with other groups.

A. No arbitrary limits on clientele served. Employment Service must be able to serve all classes of clientele.

B. Special efforts should be extended by the Employment Service to reach out to persons in need of specialized manpower services to improve their employability.

C. Employment Service should explore all possible ways to develop a more effective two-way flow of information and contacts with private employment agencies which adhere to professional standards in their placement activities.

D. Employment Service should seek to serve in coordinating role in an effort to implement various government training programs.

E. Employment Service should be given legislative authority to enter into contractual relations with nongovernment groups to supply specialized manpower services to certain clientele.

IV. Strengthening personnel in the Federal-State system.

A. Salary administration and personnel qualifications.

1. Higher salaries should be commensurate with the qualifications and standards for these positions as prescribed by the Secretary of Labor. Federal funds would be made available to those States which meet the higher qualifications-higher salaries requirement.

2. The policy on salary comparability for professional jobs should be modified to include the salaries being paid for comparable jobs in the State, both public and private. The Wagner-Peyser Act should be amended by this statutory action, especially in view of pending legislation (Senate bill S. 561).

3. To facilitate the recruitment of college graduates and other qualified employees, the Federal Civil Service Commission should set up a classification entitled "Employment Service Trainee." Trainee would be a Federal employee. The Secretary of Labor would work out a cooperative relationship with the States to assign trainee to State and local operations for a period of 2 years. Afterwards, trainee would be reassigned to the national or regional office or could transfer to the State.

B. Training and development of personnel.

1. Secretary of Labor should require each State's annual plan of operations to include a well-developed training program including provisions for orientation, inservice and outservice training, tuition refund, and educational leave.

2. Training activities should be adequately financed.

3. Secretary of Labor should be authorized to make supporting grants to colleges and universities for development of appropriate curricula and training materials and for the establishment of regional training centers for Employment Service personnel.

4. Budget for Employment Service operations should contain a line item with respect to training activities.

C. Facilitating mobility within the Federal-State system.

1. Legislation should be enacted to enable an employee in a State agency to be appointed to a Federal position if he has permanent status in the State agency under specified conditions.

2. Secretary of Labor should be given legislative authority to develop a system permitting transfers or temporary leaves of absence for personnel to move among State agencies without loss in employment status, etc.

V. Development and dissemination of labor market information.

A. Research and data collection.

1. Secretary of Labor should take the lead in clarifying the assignment of responsibility for collecting labor market information within the Department of Labor and by other Government agencies.

2. Employment Service should collect and analyze manpower information required for the efficient functioning of the Service and for administration of Federal programs dealing with manpower development and utilization.

3. Employment Service should be recognized as a major source for the development of information for occupational guidance, testing, and employment counseling.

4. Employment Service should engage in research which would facilitate manpower and labor force adjustments to automation and changing technology.

5. Director of the national Employment Service should be given legislative authority to contract out research with universities and other institutions.

6. Employment Service should be given legislative authority to collect information from the Federal Government on job openings in governmental agencies.

7. Employment Service should work closely with employers, especially defense contractors, to obtain specific information on their job openings and to obtain advance notice of mass layoffs in order to facilitate workers' job adjustments.

8. Employment Service should make better use of data on job openings now available as a result of normal operations.

B. The dissemination of information.

1. Vigorous measures must be adopted to insure that labor market information is widely and meaningfully disseminated to other public and private organizations with an interest in labor market trends and behavior.

2. Each large office should have a Labor Market Information Officer. In smaller offices the functions of the Labor Market Information Officer would be assigned as a collateral duty to staff members.

VI. The interarea recruitment procedure.

A. Multimarket clearance centers should be established throughout the Federal-State system and the centers themselves coordinated on a national basis. These centers would improve the operation of the interarea recruitment procedure and the flow of job information.

B. The Secretary of Labor should appoint a committee to study and recommend the use of information technology in interarea recruitment. This committee should decide on a regional trial application of automatic data processing, to be thoroughly tested and operated, before establishing an elaborate system. The existing LINCS (Labor Inventory Communications System) provides a basic unit from which to start.

VII. Administering and financing the service.

A. The budget process and financing.

1. The budget process should emphasize the programs to be undertaken and careful methods of evaluation and review.

2. The Employment Service should be financed from both the Federal Unemployment Tax and general revenue. The cost of administering the work test aspects by the Employment Service should come from the Federal Unemployment Tax Fund and the cost of the other manpower services from general tax revenues.

B. Emergency planning.

1. The Employment Service should take the necessary steps to develop plans and techniques for handling emergency situations in the labor market, e.g. mass layoffs, plant closings, and unrest stemming from chronic unemployment.

2. An adequately financed Emergency Planning Unit should be established within the U.S. Employment Service to plan for such emergencies.

C. A separate national advisory and review committee should be established for the U.S. Employment Service and specific functions assigned to it. Members would be appointed for 4-year terms by the Secretary of Labor. The committee would have a full-time staff director, adequate secretarial assistance, and a separate budget.

D. State advisory and review committees should be established in each State. Their functions would parallel those of the national committee and the members would be appointed by the Governor. The State committee would file an annual report on the overall assessment of the State Employment Service.

E. Annual reports.

1. The Director of the U.S. Employment Service should be required to file an annual report at the end of the fiscal year to the Secretary of Labor. This report will contain an analysis of both the manpower services provided and its internal operations, i.e. resources made available and their utilization.

2. The State Employment Service Director should be required to file a similar report to the Governor and to the National Director of the U.S. Employment Service. This report should take the form of a State annual manpower report.

1

Introduction

A new look is being taken at the Nation's manpower resources today. The quality and distribution of educational opportunities have never received more attention. The relationship of vocational training and retraining to the adaptability of the labor force is clearly recognized and is reflected in recent congressional action. Agencies linking the job market with special programs for individuals who have special disabilities have grown in both the public and private sectors of the economy. At the same time skill shortages are appearing, and these highlight the need for more effective ways of linking people and jobs.

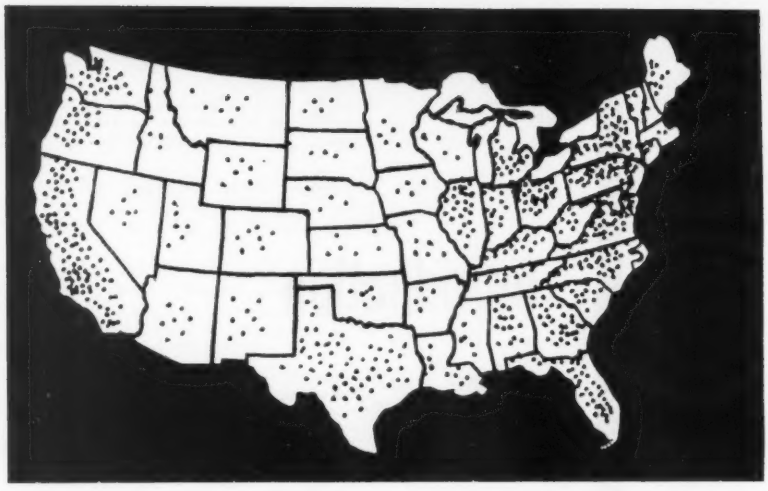
The growth of programs to deal with manpower problems and opportunities promises better lives for all members of our society. But programs can be no better than the quality of their administration.

This Task Force has reviewed and hereby makes recommendations to improve the quality of management in an agency that has a major responsibility in the development and administration of programs relating manpower and jobs. The Federal-State Employment Service has offices throughout the country and a great potential for service to jobseekers, employers, and other private and public groups seeking improved operations of the labor market. This potential and the concomitant responsibility are especially important for members of minority groups, whose needs in this area are most urgent. If the Service can become a more effective center for manpower services in the community, it can contribute much more significantly toward the full and efficient implementation of the public programs dealing with manpower development and utilization.

Thus, while we make recommendations for improved administration, we believe these are intimately related to current or prospective programs under review in the Congress.

Our recommendations fall into seven areas:

1. The appropriate role and mission of the Employment Service.



In the 50 States, the District of Columbia, Guam, Puerto Rico, and the Virgin Islands, there are over 2,000 State and local employment offices.

2. Further separation of the administration of the Employment Service from the administration of Unemployment Compensation.

3. Improving relations with other groups in the labor market.

4. New provisions for improving the quality and compensation of Employment Service personnel, principally at the State and local levels.

5. Emphasis on the role of the Employment Service in collecting and disseminating information about the job market.

6. Improving interarea recruitment procedures with the aid of modern information technology.

7. Suggestions for administrative matters designed to improve the quality of management in the Service and to strengthen its finances.

In recent years, Congress has recognized the importance of human resources and of their full development and has made significant legislative breakthroughs, establishing ambitious objectives and new programs in the manpower area. A renewed and modernized Employment Service is essential to the effective administration of these programs. Our recommendations are designed to build such a Service and many of them require legislative action. Thus, the Congress is called upon again for affirmative steps toward manpower development.

2

The Role and Mission of the Public Employment Service

Recent economic events and legislative enactments have created significant opportunities for the public Employment Service to contribute to national welfare. To grasp these opportunities, traditional concepts must be reexamined and existing administrative arrangements profoundly altered. The public Employment Service can no longer be considered a simple labor exchange bringing together jobseekers and employers. Rather, it must be established as a comprehensive manpower services agency whose activities provide vital support for a variety of government programs.

The scope and complexity of current developments lend a new note of insistence to the perennial pleas for improving the Employment Service. On the one hand, the Nation's economy is in a period of rapid change, requiring new patterns of labor market organization and administration. Dramatic technological advances, sharp growth in the size of the labor force and changes in its composition, growing skill shortages, and changing patterns of consumer demand are imposing severe tests upon the versatility of the Nation's manpower institutions. On the other hand, Congress has enacted an amalgam of legislation dealing with manpower, education, and civil rights which is designed to improve the quality of American life and to broaden the distribution of the benefits of economic progress. Clearly, the Employment Service must adjust to these new circumstances in order to retain and enhance its effectiveness.

Importance of Labor Market Information

In this context, two functions assume overriding importance. First, the Employment Service should assume responsibility for the analysis and dissemination of labor market information in the broadest sense, and the collection and use of such information at the local level. This information would, among other things, encompass the present and future demand and supply

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The understanading and practical assistance of an ES counselor helps a jobseeker make an intelligent vocational choice.

for specific occupations, the qualifications necessary for entry and career development in these occupations, and conditions in particular labor markets. In carrying out this task, the Employment Service must, of course, utilize the data available from other public and private agencies in order to avoid duplication of effort. The Employment Service should accept the ultimate responsibility for insuring the adequacy of existing labor market information and its dissemination in usable form. The attainment of this objective is a precondition for intelligent planning and decisionmaking by all organizations or individuals with a stake in an efficient labor market.

Toward a Comprehensive Manpower Services Center

Second, the public Employment Service is in a strategic position to function as a manpower center at the community and labor market levels. Many of the technical services necessary for effective manpower development and utilization are already available. The efficient use of these services is thwarted, however, by the fact that they are too often provided on a piecemeal basis that overlooks the close interrelationships among the component parts of a manpower program. Under the circumstances, no single agency has been able to coordinate these services and bring them to bear in the interests of jobseekers and employers. Such coordination is particularly important when dealing with persons who lack job experience or who must overcome special handicaps in the labor market.

A major step can be taken to rectify this administrative deficiency by strengthening the Employment Service as a comprehensive manpower services center rather than a passive adjunct of the "unemployment office." The 2,000 offices of the Employment Service constitute an established network connecting all the important labor market areas of the Nation. Through these offices, jobseekers who need help should be able to obtain the testing, indepth counseling, and current information that are essential parts of the job placement process. Moreover, the Employment Service should be the main governmental link between the diagnosis of deficiencies that impair an individual's employability and referral to the various government or private programs for training and rehabilitation.

In this framework, the placement function remains the key objective in the operations of the Employment Service. But now, it will be part of a systematic effort at manpower development rather than the primary concern of a labor exchange. The development of a comprehensive manpower services center can provide a powerful antidote to the casual, "one-shot" placement psychology that has frequently characterized the Employment Service in the past.

Tasks of the Employment Service

The potential contribution of the Employment Service to the operation of the labor market and national economic programs is revealed by an examination of its specific responsibilities. These responsibilities have been assigned by various statutes, Executive Orders, and interagency agreements. The major challenge at this time is to achieve statutory and administrative recognition of the close interrelationships of the varied tasks of the Employment Service and to weave them together into a coordinated program of manpower services.

The tasks of the Employment Service may be classified as follows:

1. The maintenance of an active placement service for all workers and employers desiring assistance. This function involves developing better relations with employers, both large and small, to exchange information and to understand better their manpower requirements. Certain employers may need special help in recruiting, screening, and matching job applicants with their manpower requirements.

2. The collection and dissemination of information concerning present and future trends in the labor market and in the quality of the labor force. This information is derived from research initiated by other

At conventions, the Employment Service helps employers fill their job openings and applicants find suitable employment.

public or private agencies and by the Employment Service itself.

3. The improvement of employment counseling and testing services to help individual jobseekers make intelligent decisions concerning occupational choices. The counselors of the Employment Service have not only an economic and social function, but also one that can be described as diplomatic. The psychological impression they create on their clients will determine in large measure the usefulness of the Service.

4. The provision of special counseling, job development, and placement services for young inexperienced persons; members of racial and ethnic minority groups, including Indians; older workers; the physically handicapped; the mentally retarded and mentally restored; Selective Service rejectees; released prisoners; veterans, and other jobseekers whose capabilities may not be fully utilized in the labor market.

5. Active participation in support of the planning of various economic and educational programs involving important manpower questions, such as vocational education, community and regional development, emergency mobilization, occupational retraining, and rural development. In providing this planning support, the Employment Service has a special responsibility for working closely with educational institutions so that school administrators and counselors themselves may do a more effective job of adjusting those parts of educational programs that bear upon labor market requirements.

6. The rendering of technical assistance and administrative support to other Government agencies that are concerned with the employment process and manpower utilization, such as the Office of Economic Opportunity, Council of Economic Advisers, the Bureau of Apprenticeship and Training, the Neighborhood Youth Corps, the Department of Defense, and public welfare agencies at State and local levels.

7. The certification of geographical areas for Federal assistance under various statutes and Executive Orders, such as the Public Works and Economic Development Act of 1965.

8. The maintenance of standards and obligations involved in the administration of the Federal immigration laws, the unemployment insurance system, the Executive Orders banning racial and age discrimination by Government contractors, and related laws and directives.

The Employment Service and Pluralism in the Job Market

This specification of the functions and needs of the Employment Service does not mean that it is, or should be, the dominant manpower agency in the economy.

"Equal opportunity," both within the agency and in all placement efforts for jobseekers is an important precept of the Employment Service.

To the contrary, the importance of the Employment Service stems from the fact that, in carrying out its responsibilities and functions, it interlocks with a diversity of public and private institutions. We recognize that a majority of jobseekers and employers are usually able to satisfy their needs through reliance on other labor market channels. Jobseekers may be able to make an intelligent choice based on information provided by friends and other informal sources. Employers may be able to recruit a satisfactory work force from the flow of applicants to the firm. In addition, both employees and empoyers will make significant investments in the development of new skills for a variety of economic and noneconomic reasons.

These informal processes are supplemented by a network of private labor market intermediaries. Unions organize the dissemination of information and the placement process in various occupational and industrial sectors. Private employment agencies are active in the placement of jobseekers, particularly those in the more skilled or specialized occupational categories. Many nonprofit organizations render important services for jobseekers who face special difficulties in the labor market.

Recognition of this pluralism in the employment process in the United States helps to define, rather than rigidly constrict, the role of the public Employment Service system. By supporting and supplementing existing arrangements, the Employment Service can and does make a vital contribution to the efficient operation of the labor market and national manpower development. Thus, the information provided by the Employment Service will benefit jobseekers, employers, and private agencies alike. In addition, by offering a wide range of services, the Employment Service can stimulate higher standards of performance on the part of other intermediaries that are active in the labor market. And most important, in a Nation whose level of economic development permits it to contemplate an end to poverty, the Employment Service can render special aid to those individuals who have not been able to benefit from other labor market processes.

Equal Opportunity and the Employment Service

The Employment Service has an obvious and important role to play in the achievement of a society where all workers have equal opportunities to compete effectively in building and selling their skills.

The concept of "equal opportunity" must apply in the first instance to the operations and personnel administration of the Employment Service itself. It is not sufficient, however, merely to reaffirm existing laws and policies as they relate to this agency. Instead, Employment Service personnel at every level must make a positive effort to understand and to cope with the special problems that confront members of racial minorities in the labor market. In addition, particular diligence should be exercised in helping these individuals to benefit from the various public and private programs that will enhance their employability. At the same time, the Employment Service can demonstrate its commitment to standards of equal opportunity by vigorously recruiting its own personnel from all groups of qualified persons.

Toward a New Mandate

In the 32 years since the passage of the Wagner-Peyser Act, the Federal-State Employment Service has been asked to assume more and more of the responsibilities of a comprehensive manpower services center. This new role should now be affirmed and extended so that the Employment Service can respond to the changing economic environment with competence and imagination and so that the public will have a better understanding of this role. To achieve this objective, a variety of changes are recommended that will alter both existing concepts and administrative arrangements.

3

A Separate Employment Service

The recent addition of many new responsibilities has greatly modified the nature of the public Employment Service system. An examination of these responsibilities clearly indicates that the Employment Service is now a center for the administration of various manpower services rather than an adjunct to the unemployment insurance system.

However, the agency's effectiveness in assuming this expanded role has been limited by its close identification with the unemployment insurance system. Since 1935, the Federal-State offices have been charged with administering the eligibility test for unemployment benefits. While this has been, and remains, an important activity, its dominant position in the operations of the Employment Service has had several unfortunate consequences for the efficiency of the overall system.

Limitations Created by Integration With the Unemployment Insurance System

Different personnel skills are required to operate a manpower services center from those needed for the administration of unemployment insurance laws. The latter essentially involves personnel well versed in the specific State unemployment insurance law, administrative rulings, and other details relevant to the effective administration of the program. In contrast, the provision of manpower services requires personnel who are expert in labor market organization and trends and who have considerable skill in aiding jobseekers to develop their full occupational capabilities. In addition, manpower personnel must be able to work closely with employers and to become familiar with their problems as well as with the needs of other agencies that are active in the labor market. To the extent that the unemployment insurance functions demand the attention of Employment Service personnel, they will tend to inhibit the development of satisfactory manpower services.

In addition, the emphasis on unemployment insurance has created a public image of the Employment Service that obscures other, more positive elements of its overall program. This "image" has influenced the attitudes of potential clients on both the supply and demand sides of the labor market. Thus, many jobseekers who could benefit greatly from the services offered by the Employment Service office are reluctant to use these facilities because of the stigma attached to the "unemployment office." Similarly, many employers have not taken advantage of the Employment Service because they have felt that the placement and manpower

Separate offices have been set up in order to give better service to professional workers in a number of cities.

functions have occupied a subordinate position in the offices' operations.

Considerations such as these have already led the Employment Service to separate its activities from unemployment insurance in cities of 250,000 and over. Furthermore several States, notably Arizona and Wisconsin, have completely separated the administration of the Employment Service from the operations of unemployment insurance.

We believe that this process should be extended to all States and to the national office.

We recognize that the Employment Service will continue to play an important role in the administration of the unemployment insurance system. This is especially true as it relates to the work test. Close working relationships between the two services are required for effective administration of the work test aspects of the claims certification process. However, it is important that the Employment Service should be a separate, identifiable organization whose overriding interests lie in the area of manpower services. This means that, insofar as possible, administrative arrangements of the Employment Service should be separated from the administration of unemployment insurance, apart from the work test. To attain this objective, several steps should be taken.

In several States, the Employment Service and the Unemployment Insurance activities have already been completely separated.

Recommendations for a Separate Employment Service

1. ***Administrative arrangements.***—Separate administrative arrangements should be established for unemployment insurance and the manpower functions of the Employment Service at the Federal, State, and local levels. Some measures already have been adopted to achieve this end, but they should be strengthened and extended. There should be different executives for the two activities and each should have his own staff and line of authority, though reporting to an administrative head of an overall agency. This separation also means that the Employment Service should formulate its own policies to govern the selection of personnel, salary administration, and training requirements, and, as discussed subsequently, be financed independently of the Federal Unemployment Tax Act. Although some individual differences may exist among the States, the Federal agency should formulate basic requirements for the clear-cut administrative separation of unemployment insurance and the Employment Service.

2. ***Physical separation.***—A concerted effort should be made to provide physically separate facilities for the Employment Service and for the administration of unemployment insurance. Again, some steps have been taken in this direction, but they must be strongly augmented. The ultimate goal should be the physical separation of all Employment Service offices from all facilities responsible for unemployment insurance with reasonable proximity maintained so as to minimize the inconvenience to claimants and jobseekers. In the short run, these two activities may still be serviced from the same office in those cases where small offices in sparsely populated areas are involved. A long-run program should be adopted, however, for consolidating these small offices, where feasible, as a preliminary to the establishment of separate facilities for unemployment insurance and the Employment Service. It may be that wider geographical areas could then be served by a single Employment Service office through the use of mobile teams who visit particular communities on a regularly scheduled basis. In this manner, the Employment Service will avoid excessive duplication of facilities while also achieving the desired separation from the administration of unemployment insurance.

4

Scope of Service and Relations With Other Groups

The public employment agency shares its functions in the labor market with a diversity of individuals and organizations, including school counselors, voluntary agencies, unions, employers and private labor market agencies, and other governmental groups. In the past, however, relations between the Employment Service and other groups in the labor market have not been well defined or understood. As a result, opportunities have been lost for constructive cooperation among the interested parties. To clarify this situation, these guidelines are recommended:

1. ***No arbitrary limits on clientele served.***—No arbitrary limits should be placed upon the classes of clientele that may be served by the public Employment Service. If it is to function as an effective general-purpose manpower agency, it must be able to serve energetically all people who seek assistance in finding jobs. Because of the dynamic characteristics of the labor market today, any rigid definition of jurisdiction would impair the effectiveness of the Employment Service and also would deny aid to workers and employers who could not be adequately served by other private or public agencies.

2. ***Special services required.***—In some cases, special efforts may be called for to reach out to people in need of specialized services to improve their employability. These specialized services include:

(*a*) Identifying these persons and providing special counseling services in order to determine their rehabilitative needs;

(*b*) Developing plans commensurate with individual needs, such as referral to another agency for remedial education, to institutional training or on-the-job training;

(*c*) Seeking employment opportunities of a special kind to accommodate the capabilities of persons in this group;

(*d*) Providing supportive followup services while they are on the job until they develop self-confidence in the employment relationship.

3. ***Need for flexibility and review.***—The absence of any fixed designation of the clientele of the Employment Service does not mean that it will serve all groups equally or at all times. Normally, the Employment Service should direct most of its resources to jobseekers who are unemployed or who have special handicaps in the labor market. Also, in some cases, it will withdraw from certain areas where its objectives have been realized or where it is determined that another public or private agency can do a more effective job. The contraction or expansion of the operations of the Employment Service, therefore, should arise not from narrow bureaucratic considerations, but from an appreciation of its basic mission in a changing labor market and economy. In this respect, useful recommendations can and should be made by the advisory and review committee suggested elsewhere in this report.

4. ***Relationships with private groups.***—We urge the Employment Service to explore all possible ways to develop a more effective two-way flow of information and contacts with those private employment agencies which offer valuable services to workers and employers in particular labor markets and which adhere to professional standards in their own placement activities.

5. ***Relationship with other Government groups.***—Recent Government programs for training, particularly of youth and low-income groups, have involved the establishment of separate placement agencies, creating excessive demands upon employers and uneconomic duplication of counseling and placement activities.

The Employment Service gives special placement services at numerous conventions.

Employment Service staff members search out individuals who need specialized services to improve their employability.

While we recognize that special problems often require special treatment, we feel also that the implementation of all these programs requires effective coordination in dealing with both employers and jobseekers. The Employment Service has the potential, in view of its experience and facilities, to fulfill this coordinating role and it should equip itself to do so insofar as possible.

6. ***Special contracting arrangements.***—There may be occasional special situations where it is appropriate for the Employment Service to contract out to other qualified agencies in the community for the provision of manpower services, such as special counseling, placement, or research activities. These agencies may possess specialized skills or special relations with certain clientele groups which make them better able to supply needed manpower services.

We therefore recommend that the Employment Service be given legislative authority to enter into contractual relations with nongovernment groups to supply specialized manpower services to certain clientele.

5

Strengthening Personnel in the Federal-State Employment Service System

A critically important factor in strengthening the Employment Service is to improve the quality of personnel working in the system. While this has always been a problem, it has become more acute. The growing demands upon the Employment Service for comprehensive manpower services call for personnel with a more complex set of skills than previously required. To cite several examples: Employment Service counselors now select trainees for vocational training programs and work more intensively with the disadvantaged. Labor market analysts now have to provide more complete analyses of labor market conditions as a prerequisite for establishing training programs. Occupational analysts are more concerned with manpower requirements arising out of technological change. Local office managers are much more deeply involved in working with community groups to initiate and implement a variety of programs.

We believe that the needed improvement in the quality of personnel can be accomplished by (1) improving standards and raising salaries to attract and retain competent and qualified employees; (2) providing incentives for self-development through inservice and outservice training; and (3) enhancing employee advancement opportunities through facilitating movement among the States and between the States and the Federal Government. Changes in these areas should help make jobs in the Employment Service more attractive and provide the basis for more successful recruitment efforts.

Existing Procedures for Salary Administration

To put the problem of improving salaries into perspective, it is necessary to review briefly the existing method of salary administration. Under the Wagner-Peyser Act and title III of the Social Security Act, grants are made to the States for administration of public employment offices where the State's unemployment insurance law is in compliance with required admin-

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Workers who need special help in finding suitable jobs obtain indepth interviewing and counseling at the local office.

istrative standards. Among these is the requirement that personnel standards on a merit basis be established and maintained. These requirements are promulgated by the Secretary of Labor and are identical with others issued by Federal agencies carrying out grant-in-aid programs.

Under the merit system, each State agency is required to establish and maintain a classification and compensation plan for all positions which are not exempt. The State has final authority for levels and rates of pay but must comply with the comparability policy of the Federal Bureau of Employment Security. This policy is primarily a fiscal control to assure that State Employment Service salaries are in line with comparable positions in other departments of State government.

Problems of Salary Administration

This policy has adversely affected the level of salaries for professional jobs in the Employment Service. One major problem is to determine what positions in State government are comparable. Aside from clerical and secretarial positions, the job duties of Employment Service personnel are not generally comparable with other State government jobs. More importantly, it has tied Employment Service salaries to low State salary levels in many States. Salary data from the Division of State Merit Systems in the Department of Health, Education, and Welfare, reports of the Personnel Management Committee of the Interstate Conference of Employment Security Agencies, and studies by the national office all attest eloquently that Employment Service salaries are generally low when compared with salaries presently being paid outside of State government for comparable jobs. For example, a sample survey in 31 States in 1963 showed that nearly a third of State Employment Service interviewers were paid less than $5,000 a year. Furthermore, the low salaries are undoubtedly an important factor in the high turnover rates and the inability of the Employment Service to recruit and hold its share of the better college graduates and other qualified applicants. Nearly a third of the sample of interviewers had less than 3 years of service. Low starting salaries for employment interviewers in the States account for this. By January 1965, these starting salaries were still $4,500 or less in half of the States.

Recommendations for Improvement of Salary Administration

In light of these facts, it is strongly recommended that steps be taken to make salaries more attractive for qualified personnel and, hence, more competitive. Both the Secretary of Labor and the State agencies have responsibilities to work toward achieving better salaries for Employment Service personnel. The following steps are essential.

1. ***Salary administration and personnel qualifications.***—The general principle recommended is that higher salaries for Employment Service professional jobs such as counselors, interviewers, and labor market analysts, should be commensurate with the qualifications and standards for these positions prescribed by the Secretary of Labor. Present incumbents in these positions should have an opportunity to receive higher salaries when, and if, they can satisfy the revised requirements. Federal funds for higher salaries would be made available to those States which meet the higher qualifications, higher salaries requirements. The general salary improvements which the States make periodically would continue to be recognized in determining the Federal grants to the States for personnel salaries.

The Secretary of Labor, according to a recent memorandum of the Office of the Solicitor, Department of Labor, has the authority to require the States to adopt minimum personnel qualifications for certain professional jobs in the Employment Service. On the basis of these new standards, the State agency would negotiate with either the Civil Service Commission or Merit System to revise salaries.

2. ***Salary levels and comparable jobs.***—To assist the State agencies in these negotiations, the U.S. Employment Service must modify the policy of salary com-

parability for professional jobs to include other relevant factors, i.e. the salaries being paid for comparable jobs in the State, not only in the State government but also in other public and private employment as well. To emphasize the importance of adequate salaries for effective administration, the Wagner-Peyser Act should be amended to provide that salaries in the State Employment Service agencies be commensurate with those prevailing in the area for comparable jobs, especially in view of pending legislation, such as Senate bill S. 561. This bill specifically prohibits the use of Federal grants-in-aid for the payment of salaries "in excess of the regular salary standards applicable to State employees generally."

3. ***Followup on improvements.***—If, after a period of 2 years, there has not been substantial and general implementation of these standards in a particular State, the Secretary of Labor would appoint a public review panel from among the members of the proposed national advisory and review committee to review the situation in the noncomplying State or States and report its findings to him. The Secretary could make the report public if he deemed necessary.

4. ***Starting salaries for Federal trainees.***—Starting salaries should be raised, since the recruitment problem is related to the inadequate salaries being paid to Employment Service personnel. State salaries at the entry level are too low in many instances to make them attractive to young college graduates. To facilitate the recruitment of college graduates, and other qualified employees, the Federal Civil Service Commission should set up a classification entitled *Employment Service Trainee,* relating the number of eligibles to the changing requirements of the Employment Service program. The salary of the trainee, who will be a Federal employee, would be at the entry professional level, which in many instances would be higher than the prevailing salary in the States.

A well defined training program at the national and regional levels should be developed for these trainees. The Secretary of Labor should work out a cooperative relationship with the States to assign these trainees to State and local operations for a period of 2 years under the supervision and direction of the State Employment Service Director and paid by the national office. Afterwards, they will be reassigned in the national or regional office to a position commensurate with their ability and training, or, if preferred, they could transfer to the State if a mutually satisfactory arrangement could be worked out.

Employment Service personnel are carefully trained to assist job applicants.

Recommendations for the Development of High Quality Personnel

Related to the above recommendations on salary and higher qualifications is the provision of opportunities for self-development. The following are recommended:

1. ***Training programs.***—To improve the quality of personnel at all levels, the Secretary of Labor should require that each State's annual plan of operation include a well developed training program, including provisions for orientation, inservice and outservice training, tuition refund, and educational leave. The curricula for these training programs should include, among other subjects, courses in race relations and community relations and should also provide the opportunity for first-hand experience in interracial situations.

The plan will thus include the various approaches to training activities which the particular State deems best suited to its needs. If the State does not include such a plan for is training activities, no funds would be made available for training of Employment Service personnel.

2. ***Financing of training.***—As a possible guideline for underwriting the cost of this training, the Secretary of Labor will allocate to each State a certain percentage of its grant for training purposes. The Secretary of Labor will also retain a certain percentage of the total amount appropriated by the Congress for Employment Service operations to underwrite the cost of training carried on by the national office on a national or regional basis.

3. ***Cooperation with colleges and universities.***—The Secretary of Labor should be authorized to make supporting grants to colleges and universities for development of appropriate curricula and training materials and for the establishment of regional training centers for Employment Service personnel. Currently, he does not have such authority. Present programs for training personnel in colleges and universities could then be utilized where appropriate.

4. ***Budgets.***—The budget for Employment Service operations, which the Secretary of Labor submits to the Congress, should contain a line item with respect to training. This not only emphasizes the importance of training; it also underscores the congressional intent as to how the money is to be spent.

The Mobility of Personnel

A third method of improving the quality of personnel in the Employment Service is to facilitate their mobility within the Federal-State system. Freedom of movement enhances long-term career opportunities. This is important to college-trained and other career-minded employees who want the opportunity to advance. Furthermore, facilitating mobility will enable the system to tap the reservoir of personnel qualified and experienced in the Federal-State program. The following are recommended:

1. ***The Federal-State transfer of personnel.***—Provisions should be made for an employee in a State agency to be appointed to a Federal position if he has permanent status in the State agency which he acquired through competitive examination under a State Merit or Civil Service system approved by a Federal agency and if he passes such examination as the U.S. Civil Service Commission prescribes. A person so appointed may acquire a competitive status upon completion of a probationary period of 1 year. This suggestion has been discussed within the Department of Labor for several years and has the support of the Secretary of Labor and the U.S. Civil Service Commission.

2. ***Movement of personnel among the States.***—The Secretary of Labor should be given legisative authority to develop a system permitting transfers of temporary leaves of absence for personnel to move among State agencies without loss in employment status, job protection rights, pension rights, and other accumulated benefits.

6

Development and Dissemination of Labor Market Information

The intelligent formulation and implementation of national manpower policies requires current and comprehensive labor market and job information. The Employment Service has extremely important responsibilities in the collection, analysis, and dissemination of such information. In carrying out these functions, the Employment Service must consider both its own requirements and the needs of other agencies and organizations.

Research and Data Collection

As a fundamental step, the Employment Service should be responsible for insuring the adequacy of existing labor market information. There is great need for a delineation of the responsibilities of the Employment Service, the Bureau of Labor Statistics, and other agencies of the Government with respect to the collection of labor market information. Considerable duplications of effort prevail and the public should not be burdened by requests from various agencies for similar information. The Secretary of Labor should take the lead in clarifying the assignment of responsibility for the collection of information about the labor market. Therefore, it is recommended that the following areas of authority be assigned to the Employment Service:

1. It should collect and analyze manpower information required for the efficient functioning of the public Employment Service and for the administration of other Federal programs dealing with manpower development and utilization. In many cases, this will mean gathering data already available from other govern-

Occupational Outlook Handbook
Area Skills Survey
MISSILES, SPACECRAFT AND AIRCRAFT
MEETING THE CHALLENGE OF CHANGING SKILLS

ment agencies. In other instances, the Employment Service may have to initiate the collection process itself.

2. It should be recognized as a major source for the development of information for occupational guidance, testing, and employment counseling, both for its own use in providing manpower services and for other users, public and private.

3. It should assist in efforts to strengthen community economic development activities.

4. It should be engaged in research which would facilitate manpower and labor force adjustments to automation and changing technology. To strengthen the research program, the Director of the national Employment Service should be given legislative authority to enter into contracts with universities and other institutions qualified to do research for the purposes of having them conduct specific studies related to the effective functioning of the Employment Service. Currently, he does not have such authority.

5. It should be given legislative authority to collect information from the Federal Government on job openings in governmental agencies and Government corporations.

6. It should also work closely with employers, especially Government contractors, to obtain specific information on job openings and their characteristics and to obtain advance notice of mass layoffs in order to facilitate workers' job adjustments.

7. It should make better use of the considerable data concerning job openings now available as a result of the normal operations of the Employment Service network. In the course of its placement activities, each local office compiles a current list of unfilled openings with respect to specific occupations and industrial sectors. To utilize this potentially valuable source of labor market information, each local office should forward a monthly statement and analysis of its unfilled job openings to the USES. The USES could then compile and periodically publish an analysis of these data as another indicator of the composition of the demand for labor. We recognize that these data do not lend themselves to the estimation of a national aggregate figure on job vacancies and they should not be misused for this purpose.

NEWSLETTER TO EDUCATORS
MARYLAND STATE EMPLOYMENT SERVICE
DENVER
The BALTIMORE YOUTH
WHAT'S IN IT FOR ME at the YOUTH
MATCHING JOB AND WORKER THROUGH APTITUDE TESTS

Dissemination of Information

When adequate labor market information is collected and analyzed, vigorous measures must be adopted to insure that it is widely disseminated in meaningful form to other public and private organizations with an interest in labor market trends. These organizations include schools, employers, unions, voluntary agencies, private employment agencies, and the Employment Service itself. Unfortunately, however, much of the information currently available has not been in a form that is usable by other organizations, and only limited arrangements have been made to communicate this information on a regular basis.

1. ***Designation of labor market information officers.***—To remedy this deficiency, each metropolitan local office should have a staff member who will be designated as the labor market information officer (LMIO). Additional staff personnel should be provided as appropriate for local offices which serve large metropolitan areas, while the functions of the LMIO may be assigned as a collateral duty to the staff of an office in a smaller community or provided on an area basis.

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2. ***Functions of the labor market information officer.***—The principal duty of the LMIO should be to communicate on a regular basis with schools, employers, unions, nonprofit organizations, private employment agencies, and other groups as appropriate, and to maintain the close contact with these organizations that will help develop quality manpower services. In the course of these communications, the LMIO can discuss with the organizations' representatives the relevant labor market information that is available through the Employment Service. At the same time, the LMIO should solicit suggestions concerning needed information that is not presently available and the best method for preparing the information so that it will have maximum utility for the user.

3. ***Benefits from the use of labor market information officers.***—This approach would have several constructive consequences. First, it will promote a comprehensive flow of information from the Employment Service to the users. Second, the quality of the information can be improved through the suggestions of other organizations that have special requirements in the labor market. And third, the use of a labor market information officer would build better relationships between the Employment Service and other groups and help to create a positive "image" with the public at large.

4. ***Information at work: The need for effective counseling.***—Comprehensive and current job market information, readily available, is essential for an effective counseling program. Knowledge about the contents of, and trends in, occupations and industries in geographic areas is basic for reaching decisions for vocational choice, manpower training, or other related actions. The counselor has a key role in the translation of this information to effective actions. It is therefore imperative that Employment Service counselors develop a sound background and working knowledge of the various types of information necessary to provide guidance to jobseekers.

7

The Interarea Recruitment Procedure

In order to retain its effectiveness, the public Employment Service must adjust the distribution and use of labor market information in its internal operations to the changing structure of the national labor market. In this respect, the increased importance of professional and skilled workers, the improvement of means of transportation, and the shift of industry have all served to expand the geographical scope of the labor market. Although the local labor market is still the primary unit for the matching of supply and demand, the market for many professional and technical occupations is now regional or national in scope.

In this manner, job openings in one area may be filled only by drawing on applicants with the necessary qualifications who currently reside in other sections of the country. The magnitude of the problem is indicated by a special survey carried out in July 1964, which revealed that the public Employment Service offices had 250,000 unfilled openings of which 45,000 were for professional and managerial jobs and 35,000 for other skilled classifications. A majority of these openings had remained unfilled for 15 days or more. To function effectively in these markets, the Employment Service must develop modern techniques for the communication of this labor market information among its operating units.

Existing Interarea Recruitment Procedures

To facilitate the matching of applicants and job openings among local labor markets the Employment Service has developed an interarea clearance procedure. However, this procedure is cumbersome and generally ineffective. As presently organized, it depends upon the initiative of the local office manager, who lists unfilled jobs with a State clearance officer. The State clearance officer then compiles the vacancies on a periodic basis and distributes this information to other State offices. Many of the local office managers are

By means of a rapid teletype communication system known as LINCS, this operator sends out messages to many professional placement offices all over the country.

slow or reluctant to incorporate job openings into the interarea procedures, and even when the positions are listed, they are often "stale" by the time the information reaches other local offices. In addition, there is no parallel procedure for the listing of applicants who might be willing to move to take a new job.

Recommendations for an Improved Interarea Recruitment Procedure

In order to improve the operation of the interarea clearance procedure and the flow of information across local labor markets, the following steps should be taken:

1. ***Establishment of multimarket recruitment centers.***—Multimarket clearance centers should be established throughout the public Employment Service system, and the centers themselves coordinated on a national basis. The exact number and location of these offices can be determined after an initial study and pilot project. In some cases, the boundaries of the regional interarea clearance office will include more than one administrative region of the Bureau of Employment Security, as presently constituted.

2. ***Listings with multimarket recruitment centers.***—Each local office shall be required to list with the multimarket recruitment office all job vacancies in shortage occupations, as currently illustrated in the professional, technical, and managerial classification. This listing should be made after the opening has remained unfilled 15 days from the date it was listed with the local office. Initially, the new recruitment procedure should be limited to these classifications, since the existence of regional and national labor markets is most evident in these occupations.

Also, the local office shall be required to list with the multimarket recruitment office the names of all applicants with professional, technical, and managerial qualifications who have remained unemployed for 30 days or more. In addition, any other applicants with skills and experience in these occupational areas may, at their own initiative, avail themselves of this procedure.

3. ***Functions of the multimarket centers.***—The information on job openings and applicants supplied to the regional recruitment center can then be used to promote placement across local labor markets. In some cases, a local office may contact the regional center to determine if applicants are available for unfilled job openings in the local labor market. In other cases, the regional center on its own initiative, will notify the local office of the possible availability of qualified applicants in other areas or labor markets. At the same time, the regional center will inform the local office servicing the applicant of the availability of the job. The administrative responsibility for bringing the prospective employer and the applicant together within the framework of the multimarket recruitment procedure shall then be assumed by the local offices. The employer and the applicant can carry out the usual screening and interviewing procedures at their own discretion.

4. ***Use of information technology.***—In order to develop an effective interarea recruitment procedure, it is necessary to have rapid and accurate methods for storing, analyzing, and retrieving information concerning job vacancies and potential applicants on a current basis. Further advances in automatic data processing and computer technology in the organization and operation of the interarea recruitment procedure should be given high priority by the Employment Service. Some exploratory efforts have already been undertaken, but they should be expedited within the framework of the new interarea recruitment procedures.

We recommend that the Secretary of Labor appoint a committee to study and suggest the best automatic data processing and computer approaches to handling this problem. The committee should consist of academic experts on electronic data processing and computer technology, Employment Service, business, and labor representatives. This committee should decide on a regional trial application, to be thoroughly tested and operated, before establishing an elaborate system. The existing LINCS system of the Employment Service provides a basic unit from which to start.

8

Administering and Financing the Service

In addition to changes in concept, personnel policies, and the use of labor market information, several other administrative aspects of the Employment Service have been examined which are important to the maintenance of an effective Employment Service. These include the budget process and financing, emergency planning, the establishment of an advisory and review committee, and related matters.

The Budget Process and Financing

1. ***Importance of budgetary controls.***—The process of making and carrying through a plan of operation and a financial budget plays a central part in the administration of any well run organization. This process involves thorough discussion among units at various levels in the organization so that general policies and local needs can be coordinated. It forces each administrative unit to develop objectives for the immediate future and to make these a part of plans for a longer time horizon. While putting emphasis on program objectives, it makes necessary the evaluation of these objectives in terms of the resources needed to achieve them and asks continually such questions as "How do the costs compare with the benefits of this undertaking?" "How central to other activities is the one under review?" "Are there ways to accomplish this aim in a more economical manner?" "What priorities should be established among objectives?"

The careful composition of budgets in the first instance is thus a constructive process. At the same time, it provides deeper and richer material for use by a reviewing group, such as the Congress, for purposes both of initial judgment about a proposed budget and of later examination on how well the estimates of various cost-benefit relationships have held up. In this manner, the budget process can be a continual source of planning and evaluation so essential to effective administration.

2. ***Inadequacies of the existing budget process.***—The Employment Service has been moving, though gradually, toward a more effective budget process. In many of the States, however, this process has been the prisoner of relatively routine rules of thumb involving the counting of referrals and of estimating budget needs on a cost-per-referral basis. This approach is obsolete, as is recognized in policy at the national level. Placements, not referrals, are the central objective. Effective placement activities in the short run result from effective programs that must be worked out on a longer term basis, and which are interrelated to the central objective. The quality of the labor market and job information, counseling, and interarea recruitment services and the relationship between employment opportunities and educational and training activities in the community all affect placement activities.

3. ***A new approach required.***—The budget process should emphasize the programs to be undertaken, nationally, regionally, in the States, and at the local level. It should call for analysis of problems impeding full implementation of these programs and for remedial steps to correct them. It should involve a thorough reconciliation of local needs and general objectives. It should include careful and systematic methods of evaluation and review, so that the organization may learn from experience and continually improve its effectiveness.

We recommend that the budget process and its improvement be made a matter of first priority by the Employment Service and that its organization and arrangements for planning, review, and budgeting be made an important and well staffed part of the Director's office at the national and State levels.

4. ***Financing the Service.***—The close relationship between the Employment Service and unemployment insurance has created certain limitations on the supporting financial arrangements. A basic deficiency is that the present reliance on financing through the Federal Unemployment Tax does not reflect the much broader functions and responsibilities that have been assigned to the Employment Service in recent years. This has meant that the availability of funds has not been directly responsive to the changing requirements of the Employment Service. Serious questions are also raised by the fact that a tax levied on employers' payrolls to finance the system of unemployment insurance is used to support other and broader activities as well.

Separate financial arrangements should be made for the administration of unemployment insurance and the manpower functions of the Employment Service. Currently, the Federal Unemployment Tax on employers' payrolls is the exclusive source of funds for the Employment Service, except for a few special appropriations made by Congress. An approximate estimate can be made of the cost of administering the work test aspects of unemployment insurance through the Employment Service. This cost should then be defrayed from the Federal Unemployment Tax Fund. The appropriations for the other manpower functions of the Employment Service should be financed from general tax revenues, as determined by Congress. By adopting this approach, Congress would be in a better position to determine the needs of the Employment Service and to evaluate the efficiency of its operations in the manpower field on a regular basis.

Emergency Planning

In addition to establishing effective procedures for carrying out normal, day-to-day operations, the Employment Service should take the necessary steps to develop plans and techniques for handling emergency situations in the labor market. Unemployment resulting from large-scale layoffs, such as those arising from the cancellation of defense contracts or plant closings, and pockets of chronic unemployment may generate urgent problems for the community that cannot be dealt with by conventional programs. It would be preferable, of course, if the Employment Service had advance warning of impending emergencies in the labor market. Some measures have been taken to develop an "early warning system" for plant closings and related events, and we have earlier recommended additional effort in this direction; but perfect foresight cannot be expected of any agency, especially when its relationships with outside groups are on a voluntary basis.

Recommendations for Effective Emergency Planning

Consequently, the Employment Service should engage in systematic emergency planning as part of its on-going organization responsibilities. Such planning can be facilitated by the following steps:

1. ***Establishment of an emergency planning unit.***—A unit should be established within the U.S. Employment Service with primary responsibility for emergency planning within the Employment Service system. This unit would collect and evaluate information concerning the possible occurrence of emergency situations in the labor market, develop prototype plans for handling different kinds of emergency situations, and

maintain continuing communications with key operating officials in other Government agencies and throughout the Federal-State network.

2. ***Coordination with the regional offices.***—Each regional office of the Employment Service should appoint an official whose collateral duty is to keep informed of the plans and activities of the national emergency unit and to coordinate the emergency programs when they are undertaken in the region. This official would maintain effective communications with the administrators of the State Employment Service agencies and, from time to time, should convene regional conferences to inform the State agencies of the program of the national emergency unit and to obtain the benefits of the experience and points of view of these State administrators.

3. ***Operating responsibility at the local level.***—Primary operating responsibility for the administration of emergency action programs should be retained by the local Employment Service office. It should be authorized to add professional personnel on a short-term, contract basis, if necessary. The local office will have the greatest familiarity with the "grass roots" situation and will continue to be on the scene long after the sense of urgency has diminished but before the problems that precipitated the emergency have been resolved. However, the national and regional officials should work closely with the local office to adapt the prototype plans to the special circumstances of the emergency and to insure that adequate resources are on hand to deal with each situation.

4. ***Budget requirements.***—Clearly, the Employment Service cannot respond effectively to emergency situations without adequate funds earmarked for this purpose. Accordingly, there should be a line item in the annual budget of the USES for emergency planning and for use in implementing extraordinary programs that are beyond the normal resources of the local office of a State agency. As a first approximation, the amounts necessary for this purpose can be estimated from past experiences. The appropriation could then be adjusted in the light of subsequent experience and annual projections of labor market developments.

Advisory and Review Committee

The Wagner-Peyser Act provided for the establishment of a Federal Advisory Council for the Employment Service and for State advisory councils. The Federal Advisory Council, over the years, has concerned itself primarily with unemployment insurance matters.

Drafting is one of the subjects taught under the Manpower Development and Training Act to help jobseekers prepare for better jobs.

Where active, the State advisory councils likewise focused on similar matters. The role of the advisory committee, therefore, needs to be reexamined as to both its orientation and functions. We therefore recommend:

1. ***Need for an advisory and review committee.***—A new advisory and review committee can play an important role in helping the Employment Service assess the range and focus of its activities and in development of its role in the labor market, especially as related to the functions performed by others. Just as the administration of the Service should be separated from that of the unemployment insurance system because of their basic differences in outlook and functions, so separate groups at both national and State levels should be established to give counsel and to serve in a review capacity.

2. ***Composition of the advisory and review committee.***—The advisory and review committee should be small enough to gain coherence as a working group yet large enough so that a variety of special tasks could be undertaken on a panel-system basis. We recommend a committee of 12 to 15 members, appointed by the Secretary of Labor for terms of 4 years, staggered in such a way as to provide continuity of membership as old members drop out and new ones are added.

Membership should be drawn from the ranks of private citizens and should include men and women with expertise in the labor market and employment process. The members should be compensated for their services at the regular rate established for consultants to the

Federal Government. Groups with an important stake in the operations of the labor market, such as employers, unions, and racial minorities should be represented.

3. ***Functions of the national advisory and review committee.***—The work of the committee should be confined to issues of general policy, including areas of emphasis for the Employment Service, relationships with public and private groups, the adequacy of existing labor market information, emergency planning and budgeting, personnel, and organizational matters. It should advise, as requested, with the Secretary of Labor and the Director of the Employment Service and report each year its assessment of the overall operation of the Service.

In addition, it should be empowered to undertake, on its own initiative or at the request of the Secretary, an investigation and analysis of particular problem areas or of issues about which it has received critical comments. The results of these analyses and any related recommendations should always be available to the Secretary and the Director and should be presented at a time of maximum usefulness for planning purposes. If the committee so chooses, its studies and reports should be a matter of public record and be included in full as appendices to the annual report of the Service.

The committee should have a full-time staff director of high competence, with adequate secretarial assistance and a separate budget. His work should be considered a part of the Office of the Secretary of Labor.

The committee should meet in plenary session at least twice each year.

4. ***Establishment of State advisory and review committees.***—The Governor of the State should appoint an advisory and review committee whose functions would parallel those of the national committee. The members would serve for a 4-year term, staggered in such a way as to provide continuity of membership. One member would be designated to serve as chairman. The committee would file an annual report which would take the form of an overall assessment of the State Employment Service. This report would be an appendix to the annual report of the State Employment Service Director.

Annual Reports

As part of the process of evaluation and review, the public should have access to a comprehensive report of the Employment Service on a regular basis. Therefore, the following recommendations are made for the filing and publication of annual reports:

1. ***Annual reports by the USES.***—The Director of the USES should be required to file an annual report at the end of the fiscal year to the Secretary of Labor which is an analysis of both the manpower services provided and the agency's internal operations, i.e., resources made available and how these resources were used. The report should include an analysis of developments and trends in the job market.

There should also be included in the President's Manpower Report an analysis of the manpower services provided by the Federal-State Employment Service system for the calendar year.

2. ***Annual reports by State agencies.***—Each State Employment Service Director should be required to file an annual report at the end of the fiscal year to the national Employment Service Director which includes an analysis of both manpower services provided and the agency's internal operations, i.e. resources made available and how these resources were used. This report should take the form of an annual State manpower report.

The Employment Service Task Force

Dr. George P. Shultz, Dean of the Graduate School of Business of the University of Chicago, *Chairman.*

Professor Arnold R. Weber, Graduate School of Business, University of Chicago, *Vice Chairman.*

Dr. John R. Coleman, Ford Foundation.

Mr. Frederick C. Fischer, Senior Vice President, Personnel, Macy's, New York.

Rev. Cameron Hall, Director, Commission on Church and Economic Life, National Council of Churches of Christ.

Dr. Vivian W. Henderson, President, Clark College.

Mr. John H. Lyons, President, International Association of Bridge, Structural and Ornamental Iron Workers.

Mr. Charles M. Mason, Senior Vice President, Personnel, United Airlines.

Mrs. Agnes E. Meyer.

Professor Charles A. Myers, Industrial Relations Section, Massachusetts Institute of Technology.

Mr. Mahlon T. Puryear, Deputy Director, National Urban League.

Mr. Howard J. Samuels, Vice President, Mobil Chemical Co.

Mr. Percy H. Steele, Jr., Chairman, National Council of Public Welfare Board Members, American Public Welfare Association.

Mr. Leonard Woodcock, Vice President, United Automobile Workers.

Dr. Daniel H. Kruger, School of Labor and Industrial Relations, Michigan State University, *Executive Secretary.*

PRESS CONFERENCE OF
THE HONORABLE W. WILLARD WIRTZ
SECRETARY OF LABOR

Wednesday, December 29, 1965
United States Department of Labor
Washington, D.C.

Secretary Wirtz: Good morning.

The principal point this morning is to give to you and to discuss with you this Report of the Employment Service Task Force. There are with me at the table Dean George Shultz from the University of Chicago, and Professor Arnold Weber, who were respectively the chairman and the vice chairman of this Task Force, and Stanley Ruttenberg, the Manpower Administrator, and Bob Goodwin, Director of the Bureau of Employment Security.

I would like to talk with you just a little informally about this report first and about the Task Force.

About 3 months ago, I asked a group of 15 public citizens, some of them from industry, some of them from labor, and some of them with neither identification, to take a look at the Employment Service in its operational aspects, to ask us any questions that they wanted about it, to go into it without any restraints at all upon them, and to give us the best possible advice they could about what ought to be done as far as the administration of the Employment Service is concerned.

It was originally contemplated that this would be a private report, which I would use simply for the purpose of making whatever suggestions, recommendations, and changes ought to be made.

As a matter of fact, the Task Force spent almost a solid 2 months on it, and came up with a unanimous report, which has seemed to me to be of such moment and significance that it ought to be handled differently from the way we originally anticipated. It is therefore being released. It is unanimous in every respect.

The membership of the panel is one which, by its affiliation, might have suggested the unlikelihood of a unanimous report, but, by the stature of its members, promised that possibility.

They have dealt with a number of what we have considered in the past to be quite controversial items with respect to the administration of the Employment Service. They have dealt with them in a blunt fashion, as far as pointing out some shortcomings are concerned. They have dealt with them specifically, as far as their recommendations go. And some of them, you will realize, cut quite deep.

This is, in a sense, a matter of housekeeping, a matter of administration. It lacks some of the dramatic qualities which would go into a broad policy recommendation of one kind or another. On the other hand, I point out to you that the Wagner-Peyser Act, under which the Federal State Employment Service operates, was passed in 1933. There has been little or no change since that time as far as the legislation is concerned. It is our view that it is high time that consideration be given to the making of legislative changes in it; and furthermore, that there are things which can and should be done administratively.

This report, particularly because of the unanimity of its recommendations, will be an admirable basis for moving ahead with that.

I am asking Mr. Ruttenberg to advise me immediately, or as quickly as possible, about the changes that

Dr. George P. Shultz

can be made administratively on the basis of these recommendations. I am transmitting copies of it to the various State administrators asking them for their comments. I expect to use it as part of the basis for discussion of legislative changes.

Now, with respect to the points in the report, I will outline them very briefly, and then whatever questions you have can be directed either to me, or to Mr. Shultz or to Mr. Weber, or to Mr. Ruttenberg, or Mr. Goodwin.

Centrally, the report emphasizes the necessity of the Employment Service being at this point, in the language of the report, "a comprehensive manpower services center" rather than the simple labor exchange which was, some 33 years ago, enough to meet the demands on this agency and service. There have been added recently a number of duties which involve the development of an active and affirmative manpower program.

The Task Force recommends, among other things, a complete separation of the Employment Service and the unemployment insurance functions, separate even to the point of separate financing. It recommends that there be carried out across the country the administrative changes which have already been adopted in a few of the States in that respect.

The report emphasizes very strongly the need for strengthening the personnel of the Employment Service throughout the country, directing attention especially at the salary levels which now obtain, pointing out that they are below professional standards, whereas the new duties which devolve upon the Employment Service obviously call for a much more highly trained kind of personnel.

They make recommendations for training programs, for a combination of Federal and State training, in addition to substantial raising of salaries, as far as the personnel is concerned.

The Task Force members faced very squarely the fact of the difficulties which have developed of rela-

tionship between the Employment Service and some private and some other public agencies in this area, difficulties of working out a distribution as well as a coordination of functions, and the Task Force emphasizes strongly the necessity of further attention to that relationship. They point to a number of other matters.

One of particular moment and concern is the matter of developing fuller labor market—to use their phrase—labor market information than we presently have, a point of increasing significance as there develop some skill shortages in the economy and additional work opportunities.

They point to the need for interstate procedures of one kind or another.

Today the Employment Service is handled principally, as far as the operational activities are concerned, by the 2,000 local offices, and we realize that there has been too little interoffice, intrastate, and interstate clearance of some of the job orders and some of the requests for work. In connection with this suggestion for interstate procedures, the Task Force recommends a very careful consideration, through another committee, of the possibilities of the use of automatic data processing and computer technology.

There was strong emphasis in the report on the essential need to make the Employment Service a focal point in the development of equal opportunity without regard to race or anything of that kind.

In what is perhaps one of the least dramatic and, at the same time, perhaps most important administrative recommendations, the Task Force suggests that there should be development of budgetary processes and controls which will be essential to the development of the new kind of function which we are talking about. They emphasize the need of much more effective emergency planning operations and functions in the procedures in the Employment Service to meet those situations where a large plant closes, or something of that kind. They recommend setting up separate advisory and review committees in the various States for the employment function, and also a separate advisory and review committee as far as the administration of the U.S. Employment Service is concerned. They suggest that there should be more meaningful use made of the requirements for annual reports by the USES and the State agencies.

May I just add this, in general—two things.

One: It seems to me that this report in its broadest sense exercizes a very important function of bringing our attention back again to what it has got to be, the central manpower function, especially at a time of this kind. We have become very much interested in the programs of various kinds, the manpower development and training program, the various poverty programs, the work experience programs, the Job Corps, the Neighborhood Youth Corps, the vocational education program, and others. Important as these are, the one essential answer to unemployment or to poverty is obviously putting a person in a permanent job, and with the economy going at the rate it is now, with job opportunities developing at the rate they are now, it is obvious that the first thing we have got to do, the most important thing to do in meeting both unemployment and poverty, is to be sure that every open job is filled just as rapidly as it can possibly be done.

I want to take this opportunity to express a very real debt of gratitude to the members of this Task Force for what they have done. I would like to call particular attention to the untiring efforts of Dean Shultz and Professor Weber and the executive secretary, Dan Kruger, who have among them guided this program to its present, I think, quite successful completion.

It is in complete sincerity that I say to you that I suspect that the recommendation of this Task Force may well prove to be the most important development in this area since the enactment of the Wagner-Peyser Act. There has been an accumulation of change over the years. There has also been an accumulation of need for more drastic change. I see this report, particularly because of its unanimity, as holding forth real promise that that change, that larger change, will now be forthcoming.

George, is there anything you would like to say?

Dr. Shultz: No; you have hit the highlights very well.

I would like to express appreciation, from the standpoint of the Task Force, for the very fine cooperation we have received from the Employment Service and the Bureau of Employment Security, the Department of Labor, and other areas of Government. We have asked them for all sorts of information, and they have certainly supplied it, and we are very grateful for that.

Secretary Wirtz: Thank you.

All right, gentlemen and ladies.

Question: Mr. Secretary, could you explain how, if all of these recommendations are adopted, they are going to affect the ordinary guy out looking for a job? Could you put it on a one-person or on a three-person basis?

Secretary Wirtz: It would seem to me most likely to have these effects. First, and really behind your question, there is a strong suggestion here that some of the present unemployment problems require our reaching out to find them and to meet them. As the unemployment figure gets lower, the remaining cases include a larger number of people who require some particular kind of attention, starting with a reaching out to find them and to find their problem.

The Task Force recommends a much stronger emphasis on counseling and testing. Where before an individual was served only as he came into the office, said that he wanted a job, and then received more or less routine information, the suggestion of the Task Force is that he must be served in the future, first, by going more than half way to meet him and his problem; second, by supplying a large degree of counseling and testing, professional help of one kind or another; third, by considering with him not only the jobs in that particular area, but also jobs which may be open in other areas for which he would be qualified.

George, are there other differences that should be added?

Dr. Shultz: No. I think if you say the "ordinary guy," it is important to recognize the ordinary guy is many different kinds of people. He may be a highly skilled person who doesn't have any great difficulty in getting a job, but would like to find out about the variety of jobs that are available, and we would hope that the Employment Service could do a better and better job for him. The employer has needs that the Employment Service can serve in this area. There is the person who needs to be reached out for. So there is a diversity of ordinary guys or ordinary gals, and the Employment Service needs to be ready to serve this diversity.

Secretary Wirtz: Thank you.

Question: Mr. Secretary, this program would probably double the cost of the USES. Have you any indication, in these days of tight budgets, that additional funds could become available?

Secretary Wirtz: There would, first, be some question about the premise from which you proceed. I am not sure it would double the cost. Pretty clearly, it would increase the cost.

I assume the first line of answer to that problem would be to try to change the emphasis of the present program so that economies could be achieved in connection with some functions which have been performed and those used, then, to meet the new needs.

The Task Force, quite clearly, recommends the financing of the agency, or at least part of the agency, from general funds, whereas before, or whereas up to now, it has been financed almost entirely from the tax on the employers; and I assume that part of the answer of the Task Force to that question would be to rely on the general funds.

I also call attention to the fact that, in the unemployment insurance legislation presently pending before the Congress, there is the recommendation for an increase in the base on which this tax is computed. The enactment of that legislation, I would expect, would mean that there would be a larger amount of money in the so-called trust fund from which changes and improvements of this kind could be financed.

Question: Mr. Secretary, does it seem that these recommendations would increase the emphasis of the Federal part of this program and deemphasize that of the States or not?

Secretary Wirtz: No, I do not think that there is the contemplation of a larger emphasis on the federalization and a diminishing emphasis on the State function. I think that there would be perhaps an equal number of recommendations here involving the strengthening of the Federal and the State programs.

I interpret the report—but would invite George's oral comments on it—I interpret it as being deliberately put within substantially the present pattern of Federal-State relationships. Now, there are some details in which there would be a larger interplay of the functions of the two.

I think particularly of your recommendation that there ought to be trainees hired by the Federal service made available to the State service, and there would be an interchange of that kind.

I understand some of these recommendations as involving the exercise of perhaps a stronger voice as far as personnel policies, and so forth, are concerned on the part of the Federal service. But I understand it to be significantly within the present pattern.

Is that right?

Dr. Shultz: That is right. I think one has to realize that when this average guy that you asked about a minute ago goes somewhere, he goes to a local office in a community same place, and that is sort of the starting point. On the other hand, our feeling in the Task Force was very strong that the rates of pay, the training arrangements, the managerial development aspects, you might say, of the Employment Service were not nearly as good as they could be and should be, and we would hope for some strong work and leadership from the Federal Government in bringing these things along. And there are some other areas, I think, that call for a broader scope in this Employment Service function.

We have a recommendation for what we have called multimarket centers, which would spread across States. As we all know, there are occupations in which the employment process is a regional one or a national one, and not just a particular community one.

Question: Are you saying, sir, that the Employment Service needs an employment service in a sense?

Dr. Shultz: Well, the Employment Service needs to be able to operate well in a particular locality, but also to coordinate activities across localities.

Secretary Wirtz: I understand you to say that the Employment Service needs an improved personnel department.

Dr. Shultz: Yes.

Question: Mr. Secretary, if listings are provided for local jobs in other parts of the country, who is going to pay the unemployed's way across the country?

Secretary Wirtz: Stanley, would you care to comment on the extent to which that might be done under the present legislation?

Mr. Ruttenberg: There are provisions under the Manpower Development and Training Act now that permit experimentation work to go on in relocation of workers from one area to another. There is not a full-fledged Government program in this area, but the Congress has asked the Department of Labor, in the Manpower Development and Training Act, to experiment with various techniques and methods and make recommendations to the Congress. And we are not scheduled to do that until the next fiscal year because we are still in the experimental stages, but eventually there will probably be some form of a Government program. But yet, many private corporations, if workers are made available to them, frequently are quite willing to pay their own expenses. For example, the aircraft companies are now doing that to attract people out to the west coast and paying their own transportation al-

lowances, once the Employment Service helps assign the individual workers.

Secretary Wirtz: There would presently be statutory provisions in the Trade Expansion Act and in the Canadian automotive parts provisions, where there is a move, as a result of job curtailment resulting from imports, either in general or in the Canadian automotive parts provisions. Under the application of this law, there would be statutory provisions. Those are the only ones, except for the experimental program.

Question: Mr. Secretary, would you anticipate sending specific legislative proposals on these for 1966?

Secretary Wirtz: The Task Force contemplates specific legislative proposals, and if the question is whether we would contemplate that, we surely would.

Question: In 1966?

Secretary Wirtz: That is correct, in terms of the question, but we would have to add to that. I am in no position to know what would become of that contemplation, but we are very much concerned about the matter.

Question: Mr. Secretary, do you have any indication as to how much individual manpower would be needed if all these recommendations were to be carried out?

Secretary Wirtz: Did the Task Force go into that?

Dr. Shultz: We have asked—going back to your question about costs and manpower—that some estimates be made along these lines, and we tried to think about it somewhat as best we could.

My feeling is that what we are talking about here is an effort to administer things better, and that the needs for—we are not talking about huge additions to manpower, huge additions to cost, or anything of that kind. We are talking about a better job of administering programs that are here and are established and need to be administered well if they are going to be effective.

Secretary Wirtz: Bob, would you be in a position to translate these recommendations into personnel?

Mr. Goodwin: No. I think the point that Mr. Shultz made is very important. There is a tremendous area where improvement can be made within existing resources. Some of this will cost more money because we are trying to get better people, and if you get better people you have to pay better salaries, generally.

One of the recommendations goes to the point you made, Mr. Secretary, which really is dealing more with individual problems, the outreach function, which we have been expanding to some extent and which this recommends be carried a good deal further. This kind of an operation will cost some additional amounts of money, but we have not yet come up with any estimates on that.

Secretary Wirtz: I should make it clear that we are talking about what is presently a group of about 25,000 people in the various States who are working in this area, so we have a considerable group to work with.

Question: It was suggested recently by Congressman Powell that the Manpower Administration be transferred to the Office of Economic Opportunity. Did the Task Force consider this, and does it have an opinion on that?

Dr. Shultz: I think the Task Force thought a lot about the importance of having coordination of various governmental activities in the manpower services area in a particular community, and our feeling is that the Employment Service is an established unit that has offices all through the country and is well equipped to perform this coordinating role, and we urge that the Employment Service do that, that it equip itself with the ability to gather the information that is needed, that it have counselors who can do a good kind of job, and who can provide services to private individuals and other governmental agencies that are trying to administer programs of one kind of another. But I think there is a need for some coordination here, and we would hope the Employment Service could perform that function.

Question: Mr. Secretary, you mentioned that there was conflict in the Employment Service and private agencies also in this field. What were the recommendations on solving this?

Secretary Wirtz: I don't think I said "conflict," I think I said "difficulty," that there are still difficulties in the working arrangements or relationships among all of them. The one that came first to my mind as I remembered the committee's report was the one involving the relationships of the public employment offices to the private employment agencies.

I was very much interested in the Task Force recommendation, if I understand it, that we ought to make all the information that we have available to the private agencies, if there is occasion for it, that we should consider contracting out certain parts of the job to other places, and, I suppose basically and most significant, I find here a reminder that our relationships are still incomplete with the employers themselves. It would seem to me that the most important relationship is the relationship between the Employment Service and the employers. We have not developed that in this country to the extent it has been developed in other countries. In the western European countries, there is a well developed program involving advice, if you will, advice to the employment agencies of any expected major job developments on the part of any private company. We have not developed that fully here.

The Task Force recommends that we move in that direction, and also recommends that we do a much better job within the Government itself so that we will be fully advised in the employment offices of any changes as far as the procurement programs are concerned.

I think this matter of better working relationships between the Employment Service and private employers is a central matter and one in which there can be a good deal of improvement, and will be. This is probably tied in with the Task Force's pointing out the need for a separation of the services. They point out that the image of the Employment Service was, and still is, to some extent, such that the lesser qualified workers

would come there, those who are looking for unemployment insurance, in most cases.

I think part of your point is to improve that image as a basis of improved relationships with the private employers.

Is there anything to be added?

Dr. Shultz: Just one note. There are many private, nonprofit organizations—an example is the Urban League—who can do a very fine job in this area. We would hope to see better and better relationships between this type of private group and the Employment Service, and to see the Employment Service be of service to this group, in addition to individuals.

Question: This does not contemplate making this information available to private employment agencies?

Dr. Shultz: Yes, I think the notion is that it would.

Question: What would happen to the fees that these agencies usually charge? Would the Federal Government pay those?

Dr. Shultz: No.

Question: You would be giving public information to a private agency, who would then charge a man a fee to get him a job?

Dr. Shultz: Well, a person can come to the public employment agency and get information, and we think that information about labor market conditions in a particular locality, what the people who have studied the outlook for various occupations and industries and so forth find, a wide range of information, should be available to interested peope who want to get it.

Dr. Weber: But George, to clarify the issue, I don't think we had in mind citing specific job vacancy information to the private agency.

Dr. Shultz: Or sending applicants.

Dr. Weber: But a wide range of material that would improve the function of private agencies.

Secretary Wirtz: Wouldn't that be particularly true as we develop more and more information about what the job situation in general is? That is the kind of information that it seems to me ought to be made available.

Question: Mr. Secretary, you mentioned the proposal of separating the Employment Service from the unemployment insurance program. This relationship, of course, has to be maintained. How does the Task Force propose that relationship in this area?

Dr. Shultz: Well, the Employment Service, we feel in the Task Force, should certainly continue its role of helping people drawing unemployment insurance to find jobs and in administering the so-called work test and seeing that the people are genuinely available for work. That has been a function the Employment Service has performed, and we feel it should continue to perform that function.

The main point, I think, is that doing that is only a part of the task that we see the Employment Service as performing, and rather than being sort of the dominant task and setting the tone of the Employment Service, we think these broader jobs that the Secretary has referred to should be the main thrust and sort of set the tone of the Employment Service operation. But certainly, I think the Task Force contemplates—you can read the strong language about that in the report—that the Employment Service would continue to function cooperatively with the unemployment insurance system in administering the work test and helping people drawing unemployment insurance to find work.

Question: One of the safeguards against abuses of unemployment insurance has been the Employment Service, and where jobs have been refused by applicants, they were dropped.

Dr. Shultz: That is right.

Question: Would this be operated also under the new program?

Secretary Wirtz: It is specifically contemplated in the report.

Dr. Shultz: Yes, and I think the better able the Employment Service is to be an effective manpower services center in a community, the better job, along the lines of your question, it is going to be able to do.

Question: Mr. Secretary, some months ago you said that you were considering requiring racial identification in these employment offices. Is that still an active consideration?

Secretary Wirtz: I would count this question still within this area, and the answer is yes, it is still a matter of active consideration, and it has not been implemented simply because of competing demands on time.

Question: You spoke, a while ago, of reaching out and going more than half way to meet the personal needs of the job. Specifically, what do you have in mind in doing that?

Secretary Wirtz: I can answer first in statistical terms. There are just becoming available fairly complete figures on this matter of nonparticipation in the work force, and we are finding, just illustratively—and I think these figures are approximately correct—that there are something like 300,000 to 400,000 more people not participating in the work force today, and I am talking about males only, the figures are very hard to come by as far as the women are concerned, than was true in 1953. It is a very complicated figure. I don't know how we are going to get over the semantics of it. But if there was the same degree of participation by adult males in the work force today as there was—this is in relation to the total population—in 1953, there would be 300,000 more people in the work force than there are now. This means for one reason or another this group is not participating to the extent it did before. So there is a very significant factor in the human resources supply program which is suggested statistically this way.

Let me go beyond that to answer in more individualized terms. The worst unemployment cases in the country today are probably not included in the technical unemployment figures. They include, for example, and specifically, the boy standing on the street corner, a dropout from school who tried for a while to get work, has given up, and now isn't even trying. And there are more of these than we would like to admit or recognize.

I have a feeling, which I cannot support statistically, that there is some place between a quarter of a million and half a million 16 to 24 year olds who have given up looking for work, with perhaps a high concentration among the nonwhite groups. They do not appear in our figures because the unemployment figure covers only those who are actively looking for work. These are cases which we have got to reach out for: we have got to go into the neighborhoods. We are doing it. We are setting up youth opportunity centers in those parts of town in which this problem is most acute. The Office of Economic Opportunity is setting up centers in—I believe they call them neighborhood centers—in one place or another, and the most specific illustration of what we are doing lies in those two developments, the youth opportunity centers and the neighborhood centers set up in these areas. And specifically, I repeat, I suspect that there are between a quarter of a million and a half million 16 to 24 year olds who have given up, and it is just good business for us to reach out and meet those problems.

Question: You envision just sort of doing more of that, or do you have in mind some new sort of programs?

Secretary Wirtz: Well, "new" in the sense that these are all developments of the last year or two. There had been emerging in the Employment Service specialized services for older people, for younger people, for nonwhite people, for disadvantaged people of one kind of or another. So it is not new in principle, but in terms of actually doing something about it, it is quite new, and it is only within the last year that these institutions, these youth opportunity centers and the neighborhood youth centers, have been set up. Nothing new in principle.

I would guess that, again, the practical hard answer to that is the undramatic one. If we can get highly professionalized people into these offices, and if we can put their budgeting on a basis which takes account not just of the number of referrals but of the difficulty of the cases, I think we will see, in undramatic but very hard terms, quite an increase in this program.

Question: You spoke also of the idea of coordinating the Federal activities dealing with manpower. Would you carry this so far as to say that all of the manpower programs ought to be over here in the Labor Department?

Secretary Wirtz: All of the manpower programs?

Question: I mean, like the poverty programs, the neighborhood youth centers.

Secretary Wirtz: No, I would not say that. There are quite a variety of things. I am not sure about the question. Your question would include the Job Corps, Neighborhood Youth Corps, all these other programs? No, I am not suggesting that. I think probably as time goes on there would be some further development in the distribution of those functions. What I am suggesting more particularly and specifically is that recruitment, for example, for the Neighborhood Youth Corps, the Job Corps, the Manpower Development and Training Act programs, should be done through the Employment Service offices, and furthermore, that the placement of the graduates or alumnae of these programs should be principally through the Employment Service offices. I think it would be a mistake if there are a number of government agencies approaching the employers.

Question: The recruiting of kids into the Job Corps?

Secretary Wirtz: That is correct. That is being done now.

Question: Or placement after they are through?

Secretary Wirtz: Both.

Question: They will be handled here?

Secretary Wirtz: They are now, pretty much. We are doing all of the recruiting for the Job Corps as well as the Neighborhood Youth Corps. There is not that complete degree of integration of operation yet as far as all the programs are concerned. Our most immediate concern, and one that is shared by all agencies, is that as far as employment is concerned, once these programs are finished, that can be coordinated and organized. Right now that is less well developed than the recruitment. We are working on it now. This will not be new in principle, but there is a lot to be done, and I think all of us involved in the program would agree it is one of the top programs.

Question: Mr. Secretary, because of this report, are you contemplating asking for a larger increase in the Federal tax than the amount in H.R. 8282, which I think is only 15/100 of 1 percent, isn't it? Is an increase proposed?

Secretary Wirtz: The answer to your question is no, we are not contemplating asking for a larger increase in the tax. I point again to the fact that the most material point here would be the increase in the base. If the base, the earnings base, on which that tax is figured is enlarged, it would very substantially increase the amount of the so-called trust fund.

Question: Dean Shultz, do you contemplate that a significant portion of the Employment Service would be devoted to helping people who are employed in low-paying, deadend jobs to find either other opportunities they can qualify for or guide them into training to improve their employability?

Dr. Shultz: We would certainly contemplate that the Employment Service should be able to help those people, when they come into the Employment Service, to tell them about other jobs, to tell them about training opportunities, and to help them improve themselves, certainly.

Question: If I understood you, Mr. Secretary, you were also talking about expanding this service into, we will say, more professional type jobs, technical jobs, that sort of thing?

Secretary Wirtz: That is a different question. My earlier comment was on the character of the personnel of the Service itself. I think there is a recommendation that touches on this other matter. I believe there is a suggestion here that there be no limitation of the clientele of the agency, and I assume that goes to this question.

Dr. Shultz: On the other hand, I don't think that means that the Employment Service has to do everything. There are many areas that are being served very well where people are getting along fine, and while the Employment Service ought to be ready to move and be involved to some extent, there is no reason why it needs to be trying to do all the jobs.

Question: No, What I was getting at: Were you thinking, in studying this employment problem, where you have a revolution in technology within government and industry is going to need more and more technicians in the future, of expanding into a more technical and professional field as well as trying to lift up the usual lower standard of jobs?

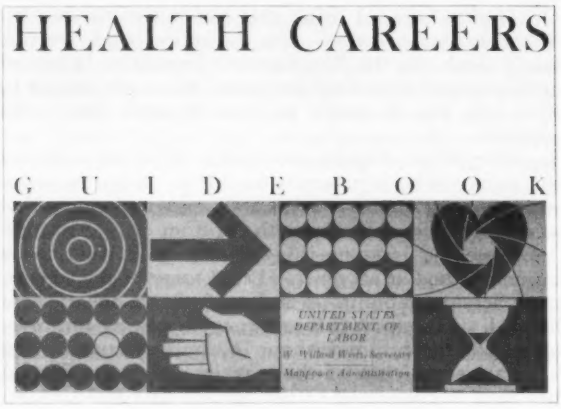
Secretary Wirtz: I understand the recommendation to be, squarely, yes. And let me ask another point. We have been faced with this question of whether it is appropriate for the Employment Service to use its offices to help a person who already has a job move up to a higher job, which is a related matter. Does this recommendation cover that?

Dr. Shultz: Sure. I think this was sort of the burden of the earlier question. On the other hand, we certainly don't see the Employment Service as being an agency to go out and advertise and try to get people to shift jobs, but it should be there to serve those who come in.

Secretary Wirtz: On the theory that if we get a job for this person who is presently at this point on the wage scale, that will mean somebody else moves up and somebody new moves in at the bottom.

Let me add just one thing, and I don't want to be misunderstood at all on it. I find some of the suggestions here quite blunt. I find every single one of them helpful. I interpret this report as suggesting improvements for the future without in any way constituting a negative criticism of the way in which the Service has been administered in the past. I find real satisfaction in the reflection of a job which has been well done but which now, even like improvements on the King James version of the Bible, could be done still better.

The Press: Thank you Mr. Secretary.



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Dictionary of Occupational Titles

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DIVISION OF PUBLIC DOCUMENTS
WASHINGTON, D.C. 20402

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THE EMPLOYMENT SERVICE REVIEW is published by the Bureau of Employment Security with the cooperation of the State Employment Security Agencies, and is distributed without charge to personnel of the National and State Employment Security offices. It is also available on subscription at $4.50 a year (single copies 40 cents) from the Superintendent of Documents, Government Printing Office, Washington, D.C., 20402. In countries other than the United States, Canada, and Mexico, annual subscription is $5.75.

Expressions of opinion in articles published in the REVIEW are those of the authors and are not to be construed as official opinions of the Bureau of Employment Security.

Use of funds for printing this publication approved by the Director of the Bureau of the Budget January 10, 1964.